

**MINUTES OF THE COMMISSION MEETING**

Chairman Dustin Johnson called the meeting to order. Present were: Vice Chairman Gary Hanson; Commissioner Steve Kolbeck; Executive Director Patty Van Gerpen; Deputy Executive Director Heather Forney; Commission Advisor Greg Rislov; Commission Attorneys Rolayne Wiest and John Smith; Staff Attorneys Karen Cremer and Kara Van Bockern; Staff Analysts Keith Senger, Harlan Best, Nathan Solem, Dave Jacobson and Bob Knadle; Consumer Affairs Supervisor, Deb Gregg; and Administrative Secretaries Demaris Axthelm and Anissa Grambihler.

Also present were: Brett Koenecke, May, Adam, Gerdes and Thompson, representing TransCanada Keystone Pipeline LP and NorthWestern Energy; Darla Pollman Rogers, Rogers, Wattier & Brown, representing MCI metro Access Transmission Services, LLC; and Jeff Rud, East River Electric Power Cooperative.

Joining the meeting by telephone were: Brad Klein, Staff Attorney Environmental Law & Policy Center; Dave Prazak, Otter Tail Power Co.; Tamie Aberle, Montana-Dakota Utilities Co.; Todd Brink, Black Hills Power, Inc.; Walker Witt, Vice President and General Council, Black Hills Electric Coop; Bob Usera, Construction Manager, Black Hills Electric Coop; Colleen Sevold, Qwest; James (Jim) White, Sidney Austin Law Firm, representing TransCanada Keystone Pipeline LP; Suzan Stewart, MidAmerican Energy Company; and Jim Wilcox, Excel Energy.

**Consumer Reports**

**1. Status Report on Consumer Utility Inquiries and Complaints Received by the Commission. (Consumer Affairs: Deb Gregg)**

Ms. Deb Gregg reported that the Commission had received a total of 123 contacts. Since the last report was prepared for the April 24, 2007 Commission meeting, 14 contacts involved telecommunications services; 18 contacts involved electricity issues; 12 contacts involved natural gas issues; 4 contacts involved cellular phone issues; 67 contacts involved Do Not Call Registry; and 8 contacts involved issues not regulated by the Public Utilities Commission. In 2007, 810 of the 977 complaints registered have been resolved informally. In 2006, 2,199 of the 2,466 complaints registered have been resolved informally.

**Electric**

**EL06-018 In the Matter of the Consideration of the New PURPA Standards (Staff Analyst: Nathan Solem, Staff Attorney: Kara Van Bockern)**

Ms. Rolayne Wiest proposed to go forward with a public hearing process, stating that would be beneficial to hear from all the affected utility companies. Ms. Van Bockern stated that staff agrees with that recommendation. The floor was opened for comments from utility companies.

Tamie Aberle, Montana-Dakota Utilities Co (MDU), suggested working through the standards in a paper hearing format and stated that MDU would provide additional comments, if requested. Jim Wilcox, Xcel Energy, Brett Koenecke, representing NorthWestern Energy, and Todd Brink, Black Hills Power, also proposed proceeding with a paper hearing. Brad Klein, Staff Attorney Environmental Law & Policy Center, suggested that the Commission hold a workshop on interconnection for distributed generation and time based metering standards.

**Chairman Johnson moved to hold a hearing regarding the interconnection for distributed generation and time based metering standards. Motion passed 3-0.**

- 2. EL07-013 In the Matter of the Joint Request for an Electric Service Territory Boundary Change between Black Hills Electric Cooperative, Inc. and Black Hills Power, Inc. (Staff Analysts: Nathan Solem/Martin Bettmann, Staff Attorney: Karen Cremer)**
- 3. EL07-014 In the Matter of the Joint Request for an Electric Service Territory Boundary Change between Black Hills Electric Cooperative, Inc. and Black Hills Power, Inc. (Staff Analysts: Nathan Solem/Martin Bettmann, Staff Attorney: Karen Cremer)**

Todd Brink, Black Hills Power Inc., and Walker Witt, Black Hills Electric Cooperative requested that Dockets EL07-013 and EL07-014 be considered together. Chairman Johnson agreed to consider Dockets EL07-013 and EL07-014 together.

Todd Brink, Black Hills Power Inc., stated the areas to be affected by the electric territory boundary change consisted of five lots in Red Rock Subdivision and Sunset Creek Development and all of the landowners have agreed. This boundary change will avoid unnecessary duplication of facilities and help minimize operational challenges. Walker Witt, Black Hills Electric Cooperative, concurred with the change. Mr. Bettmann recommended approval of the boundary change as presented. It is the opinion of both BHEC and BHP that this transfer of service area is in the best interests of both parties, as well as in the public interest.

**Commissioner Kolbeck moved to grant the joint requests for electric service territory boundary changes in Docket EL07-013 and EL07-014. Motion Carries 3-0.**

### **Natural Gas**

- 1. NG07-010 In the Matter of the Filing by Montana-Dakota Utilities Co. for Approval of Tariff Revisions. (Staff Attorney: Kara Van Bockern, Staff Analyst: Dave Jacobson)**

Tamie Aberle, Montana-Dakota Utilities Co.(MDU), stated the proposed tariff revisions would revise policy regarding re-connection charges applicable to certain seasonal natural gas customers. The proposed revisions would provide seasonal business customers credit for volumes of natural gas used during the time in service when calculating the applicable re-connection charge, for customers that disconnect and re-connect within a twelve-month period. Mr. Dave Jacobson explained that the filing had been further revised since being initially submitted by restricting eligibility to non-space heating customers and to customers using more than class average consumption. These changes will mitigate the possibility that customers

utilizing this policy will avoid paying adequate fixed costs or add to capacity requirements during peak periods. Mr. Jacobson also mentioned the possibility that non-eligible customers may perceive this proposal as unfair, but after questioning Ms. Aberle about the its application in North Dakota, recommended approval. Mr. Greg Rislov stated that the proposed change is practical and fair in the rate design proposed by the company.

**Commissioner Hanson moved to approve the tariff revisions subject to the condition that MDU submit a report annually a three-year period. Motion passed 3-0.**

### **Telecommunications**

- 1. TC07-019 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and MCImetro Access Transmission Services. (Staff Attorney: Kara Van Bockern)**

Ms. Kara Van Bockern stated that the amendment has been properly filed, has been properly executed and does not appear to contain discriminatory provisions. No comments were filed and staff recommended approval of the Amendment.

**Commissioner Johnson moved to approve the amendment to the agreement. Motion passed 3-0.**

### **Administration**

- 1. Proposed Rulemaking Docket (Commission Attorney: Rolayne Wiest)**

Ms. Rolayne Wiest recommended that a rulemaking docket be opened to update the Commission Telecommunication's rules and stated many of the proposed rules are based on SB22 which, removed the telecommunications tariffing filing requirement. Ms. Wiest also recommended the following additional rule changes: clarify the certificate of authority bonds (interexchange as well as local service), require alternative service providers to notify customers of charges and changes to, arbitration /suspension proceeding regarding the filing of exhibits and written testimony. Other changes included revisions to the slamming rules, and changes to the ETC rules. Ms. Wiest requested the Commission open a rulemaking docket.

**Commissioner Johnson moved to open a rulemaking docket concerning certain telecommunications rules. Motion passed 3-0.**

### **Hydrocarbon Pipeline**

- 1. HP07-001 In the Matter of the Application of TransCanada Keystone Pipeline, LP for a Permit under the South Dakota Energy Conversion and Transmission Facility Act to Construct the Keystone Pipeline Project. (Staff Analysts: Martin Bettmann/Bob Knadle/Nathan Solem, Staff Attorney: Kara Van Bockern)**

Mr. Brett Koenecke representing TransCanada Keystone Pipeline LP (TransCanada) stated the project will transport crude oil starting in Hardisty, Alberta, Canada and ending in Patoka, Illinois. The proposed 30 inch diameter pipeline will have a nominal capacity of 435,000 barrels of oil per day (bpd) with a possible expansion to 591,000 bpd. He stated the proposed route will enter South Dakota at the North Dakota - South Dakota border in Marshall County and

extend in a southerly direction, exiting the state at the South Dakota - Nebraska border in Yankton County, beneath the Missouri River and from there become a Nebraska project. The company would like to begin construction on the project in 2008, with service to commence in 2009. Mr. Koenecke also stated the company would comply with the filing fee according to the statute. Ms. Kara Van Bockern stated the filing fee formula is based on SDCL 49-41B-12.

**Commissioner Johnson moved to assess TransCanada a filing fee not to exceed \$351,100, with an initial deposit of \$8,000. Motion passed 3-0.**

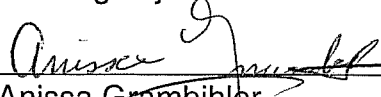
Ms. Kara Van Bockern stated according to SDCL 49-41B-15, the Commission must identify and notify all landowners within a one-half mile radius and wondered if the company would be willing to assist with acquiring contact information. Mr. Koenecke stated the company would be able to contact the affected SD County Assessors offices requesting the taxpayer of record on the affected land within one-half mile radius of the pipeline. Ms. Van Bockern stated the commission has a thirty-day deadline from the filing date to notify all landowners and appreciates the cooperation from TransCanada. Mr. Smith requested that the notice explain if the recipient is not the landowner to notify the commission and advise the recipient to provide notice to co-owners. Ms. Van Bockern agreed with Mr. Smith's suggestion and stated the notice could be completed in a timely manner using the process suggested by Mr. Koenecke. Ms. Van Bockern stated the order would enable the Commission to send proper notice to landowners according to the statute.

**Chairman Johnson moved that the commission approve the notification process. Motion passed 3-0.**

Ms. Van Bockern recommended that public hearings be conducted on June 25 through 28, 2007, and suggested the locations of Yankton, Salem, Clark, and Britton. Mr. Smith reminded the Commission of the time period as required by law. Mr. Koenecke stated other hearings were scheduled in other states and suggested the hearings be held in communities along the pipeline with higher population numbers. Ms. Van Bockern stated that the four locations suggested by staff would provide an opportunity for all those interested to attend the meeting and not have a long distance to travel.

**Commissioner Kolbeck moved to hold three hearings evenly along the pipeline. Discussion was held regarding the number and location of public hearings. Commissioner Johnson made a substitute motion regarding the notification process to the landowners, to hold four public input hearings, and to authorize the Executive Director to schedule the dates, times, and locations of the public hearings. Substitute motion passed 3-0.**

Meeting adjourned.

  
Anissa Grambihler  
Administrative Secretary